(a) whether it is a fact that Hawala transactions have gone up several folds since FERA was repealed;

(b) if so, the details thereof;

(c) whether Government's attention has been drawn to the view expressed by the Enforcement Directorate Officials that FEMA was not strong enough to check hawala operations and Government have to bring about changes in the present Act to strengthen it further; and

(d) if so, the details in this regard and Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) Sir, Hawala is an illegal transaction of money and there cannot be any accurate assessment of such an activity.

(b) Does not arise.

(c) and (d) There is constant interaction of Government with the field formations and any operational difficulties in a new Act like FEMA will be subject to a continuous review to optimise the effectiveness of the Act.

Prospect of information technology sector

2428. SHRI S. RAMACHANDRAN PILLAI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that India has the potential of becoming a low cost reserve for information technology development for insurance companies and by the end of 2003 over 85 per cent of the world insurance companies will be selling online;

(b) whether it is also a fact that the opening up of the insurance sector will bring in a lot of opportunity for the Indian information technology sector; and

(c) if so, what are the Government's plans and the steps being taken to attain the said objectives?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) India has the potential of becoming a low cost base for information technology development for insurance companies. Selling of insurance policies over the internet is still in its infancy and it is difficult to estimate its extent of operation in 2003.

(b) Insurance sector is expected to provide extensive opportunities for the Indian information technology sector. A number of entrepreneurs in India have

developed Insurance Portals. Some foreign insurance companies have also established Back Offices in India for claims processing and Customer Relationship Management.

(c) Government has set-up a Working Group for development of An E-Strategy and Action Plan for introduction of E-Commerce in the public sector insurance companies.

Enhancement of foreign currency reserve through exporters

†2429. SHRI RAJ MOHINDER SINGH:
SHRI RAJIV RANJAN SINGH "LALAN":

Will the Minister of FINANCE be pleased to state:

(a) whether Government had directed the exporters to bring foreign currency from Exchange Earners Foreign Currency Account;

(b) if so, the details of the direction and when the same was issued; and

(c) the total foreign exchange brought by the end of October, 2000 after the direction was issued?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b)The Reserve Bank of India (RBI) took the following measures relating to Exchange Earners Foreign Currency (EEFC) Accounts on August 14, 2000 and on October 10, 2000;

(i) The balance in EEFC accounts were required to be scaled down to 50 per cent of the amount held on August 11, 2000 by August 23, 2000.

(ii) Future accretions to EEFC accounts were restricted to 50 per cent of the eligible limits and were required to be maintained in liquid form as current/savings accounts.

(iii) Credit facilities available against EEFC accounts were held in abeyance till further notice.

(iv) The EEFC scheme was reviewed in the light of previous experience and feed back received from premier export organisations and modifications were announced as a part of October 10, 2000 statement of mid-term review of monetary and credit policy for the year 2000-01. Accordingly, in order to facilitate quick export related payments and to reduce transactions cost, the EEFC entitlements were restored to their earlier levels. It was also decided that the EEFC accounts would hence forth be held in the form of non-interest

† Original notice of the question was received in Hindi.